

# An Analytical Study of Employee Motivation, Attrition, and Retention in Selected IT Companies in Chennai City

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**Abstract:** The present study titled “An Analytical Study of Employee Motivation, Attrition, and Retention in Selected IT Companies in Chennai City” aims to examine the key factors influencing employee motivation, the causes of attrition, and the effectiveness of retention strategies in the IT sector. In today’s highly competitive business environment, managing human resources has become a critical challenge for organizations, particularly in the information technology industry, which experiences high employee turnover rates. The study is based on primary data collected from 385 employees working in selected IT companies in Chennai using a structured questionnaire. Statistical tools such as percentage analysis, mean score analysis, and rank analyses were employed to interpret the data. The findings reveal that employees exhibit a relatively high level of motivation, primarily driven by a supportive work environment, training opportunities, and interpersonal relationships. However, factors such as limited career growth, work stress, and better external opportunities significantly contribute to employee attrition. The study further highlights that retention is strongly influenced by flexible work arrangements, job security, and organizational culture. Despite the presence of retention strategies, there is a need for improvement in career advancement opportunities and reward systems. The research concludes that organizations must adopt a holistic approach by enhancing employee engagement, offering competitive compensation, and creating a positive work environment to reduce attrition and improve retention. This study provides valuable insights for HR managers and policymakers to design effective strategies for sustaining a motivated and stable workforce in the IT sector.

**Keywords:** Employee Motivation, Employee Attrition, Employee Retention, Work Environment, Job Satisfaction.

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## 1. INTRODUCTION

### 1.1. Introduction

Now a days workforce in an organization do not wish to continue in the alike association for a long span of time as they are more futuristic and are keen for their growth and development. It recurrently happen that more successful is that employee who is at a very prestigious position in the organization. Therefore retaining employees is a matter of concern. The main reason or every employee to remain in a firm is either because their needs are satisfied by the business or their abilities are used to the optimum extent or because they are not in a position to find other job. Thus employee retention is how to hang on recruits in the association for a long time.

Employee retention refers to recruits leaving the company e of acquiescence or retirement. It also refers to Loss of employees due to employer initiated events. The other causes of employee attrition such as person leave the job due to health issues or when they are not satisfied with the organization as the case may be. Job Satisfaction is a not an easy outcome of the communal world. It not only includes the amount paid to the staff but also focuses on the allowances. Retention works unsurpassed when the ideals of the organization are apparent. Sympathetic to employee aspiration and are

within the scope of organization. Actually the system of rewards is followed by minimum organizations but still these organizations are filled with estranged employees as the norms of the corporate are absurd and the management of the company is highly ambitious whereas they consider corporate end as futile growth. But still employees continue to work for the same as it is not possible for them to reinstate the rewards.

### **1.2 Employee Attrition:**

Individual are considered as the most expensive chattels of the organization (Coulson Thomas 1993) and a good number company lay a towering precedence in holding qualified and industrious workers.(Anderson 2005).Employees feat have direct impact on the customer service and high turnover results into Financial loss.(Atchley,1996).

High attrition rate also results into salary inflation which becomes necessary to retain the existing employees and attract new ones. Most of the HR managers opined that it is really a challenging task for them to retain the existing employees and if has become more difficult for them to tackle the problem of excess turnover. Attrition can be understood as normal reduction in workforce due to retirement or resignation. It refers to movement of workforce in and out the organization.

### **1.3 Attrition Rate:**

There is no typical method to compute the attrition rate company because of assured factors. The employee pedestal change each month. So if a company has 2000 workers in April 2004 and 4,000 in March 2005, then they might take their base as 4,000 or as 00 (Average for the year). The no. of workers who left the work is 300 than the rate would be 15% or 20% depending upon the base taken. Several firms possibly will not take in attrition of new entrants who depart since of advanced study or within three months of joining. In several cases, attrition of pitiable performer may not be treated as attrition.

Employee Attrition = No. of Employee who left in a year

Average Number of Employees in the years in an organization  $\times 100$

Thus, if the company had 4,000 workers in April 2004, 8,000 in March 2005, and 600 give up in the year, then the regular employee strength is 6000 and attrition is  $100 \times (600/6000) = 10 \%$ .

There are a range of attrition that ought to be taken into account. These are:

- Fresher attrition tells the figure of fresher's who leave the group in one year. It states the number of people who are using the organization as how many are a catalyst
- Infant mortality is the fraction of members of the staff who did not wish to continue the institute within one year. This indicate the straightforwardness with which populace acclimatize to the corporation.
- Decisive source attrition tells the attrition in provisions of key staff like higher-ranking executive parting from the organization.
- Low performance attrition it is the type of attrition where people leave because they are not in a position to keep pace with the performance. Idyllically Attrition ought to be premeditated on Monthly basis for the company having 50 employees for first 5 yrs followed by quarterly and finally monthly.

## **2. REVIEW OF LITERATURE**

**Gauri Dwivedi (2025)**, "A Study of Increasing Employee Attrition Rate of Axis Bank: Jhalawar (Rajasthan) Region". The study aims to understand the concept of attrition, reasons, needs, objectives, importance and impact on employees and organizations in competitive situation etc. The sample size is 17 Employees. Primary data have been used to through issue the questionnaire. Percentage analysis, Chi-Square test and ANOVA have been used to analyse the data. The study reveals that the attrition rate for AXIS Bank year by year its increasing because of many reasons and many organisations are providing different types of working facilities which creates a keen competition in the market and the Bank has adopted Creative HRM Strategy to counter Attrition.

**Sreenivas Mahesh and Dr. P.V. Vara Prabhakar (2024)**, "An Analysis of Employee Attrition in Amaraja Batteries Limited, Tirupati, AP". The present study covered at addressing socio demographic factors with employee attrition factors for employee. Data has been collected through a well structured questionnaire survey. The sample of 750 respondents is selected based on Stratified Random Sampling with equal proportional allocation technique. The study utilizes both descriptive as well as inferential statistics for data analysis like Descriptive Statistics, Chi-Square test, t-test and Analysis

of Variance (ANOVA). This study emphasis on employee socio demographical variables which may be the possible reasons for employee attrition. These are strongly associated with gender and family dependents. This analysis will help the organization or management to study further on some lagging areas to develop or create innovative plans to make the employees feel good policies. This study will help to identify underlying factors which are controlling the attrition rate as well as help management to reduce the cost.

**Dr.S.Sundararajan (2023)**, “Employees Attrition and its Determinants in Service Sector”. The main objectives of the study is to find out the overall employee attrition rate of the health care organizations. The sampling technique used in this study is convenience sampling under non probability sampling. The study focused on employees of Administration and service departments wherein 151 samples are collected out of 3020 employees in top private hospital in Coimbatore. Frequency analysis, Factor analysis, ANOVA, Chi-square and Correlation analysis have been used to analyse the data. The result of the study, it can be concluded that employee retention strategy was a major factor that greatly contributed to high employee turnover rates in the organization. Insufficient payment, work pressure, external pressure greatly contributed to high employee turnover rates in the organization since the organization’s salary structure was not competitive.

### 3. OBJECTIVE OF THE STUDY

The Main Objective of the study is to analyse the Employee Motivation, Attrition, and Retention in Selected IT Companies in Chennai City.

### 4. RESEARCH METHODOLOGY

Research methodology attempts to approach a topic scientifically to validate the research design. In this process the researcher produces authentic research findings. Research design is the procedure for collection of data. This type of research is mainly concerned with description of facts. The sampling procedure begins with the selection of the study area and ends with data collection. The main purpose of the study is to analyse the Employee Motivation, Attrition, and Retention in Selected IT Companies in Chennai City. For collecting the data, the researcher selected top three IT Companies in Chennai such as CTS, TCS and WIPRO.

#### 4.1 Sampling design:

Sampling design is a framework that researchers use to select a sample from a population, considering the nature of the inquiry and other related factors (Kothari C.R., 2004). For this study, the researcher employed a standardized sampling design technique to collect a sample from the population. This sample design encompasses the sample size and the sampling process.

#### 4.2 Sample Size:

Sample size refers to the number of elements to be included in the study. The total population is 385.

#### 4.3 Sample size:

Sample size refers to the number of elements to be included in the study. The total population are 926256. Based on this, by using the given formula the sample size was derived as 385. To estimate the sample size (n) the following formula was considered in the research study.

$$\text{Sample Size (n)} = \frac{Z^2 * P * Q * N}{E^2 (N-1) * Z^2 * P * Q}$$

n= the sample size

N= Total Respondents

p = “sample proportion”

q= 1-p

e= the acceptable error

z = the value of standard variation at a given confidence interval, which means the z-score is 1.96

Here n denotes the sample size; p means the percentage of the population, desired margin of error at 5 per cent and z is the confidence interval assumed 95 per cent confidence interval, which means the z-score is 1.96.

#### 4.4 Sampling Technique:

The sampling method adopted for the data collection is probability method. For selecting the bank branches multistage sampling method was adopted and for selecting the IT Employees.

### 5. DATA ANALYSIS AND INTERPRETATION

#### 5.1 Demographic Profile of the Respondents:

This section presents the demographic profile of the respondents, providing insights into their personal and professional characteristics. It helps in understanding the background of the participants, which is essential for interpreting the study results effectively.

**Table 1.1 Demographic Profile of the Respondents**

S.No	Variable	Category	No. of Respondents	Percentage (%)
1	Gender	Male	210	54.50
		Female	160	41.60
		Other	15	3.90
		Total	385	100
2	Age	Below 25	95	24.70
		25-35	180	46.80
		36-45	75	19.50
		Above 45	35	9.10
		Total	385	100
3	Educational Qualification	UG	120	31.20
		PG	180	46.80
		Professional	65	16.90
		Others	20	5.20
		Total	385	100
4	Job Position	Entry Level	140	36.40
		Mid-Level	130	33.80
		Senior Level	75	19.50
		Managerial	40	10.40
		Total	385	100
5	Years of Experience	Less than 2 years	110	28.60
		2-5 years	150	39.00
		6-10 years	80	20.80
		Above 10 years	45	11.70
		Total	385	100
6	Monthly Income	Below ₹25,000	70	18.20
		₹25,000-₹50,000	140	36.40
		₹50,000-₹1,00,000	120	31.20
		Above ₹1,00,000	55	14.30
		<b>Total</b>	<b>385</b>	<b>100</b>

**Source: Primary Data**

- ❖ The sample is dominated by young and mid-career professionals (25 -35 years), reflecting the nature of the IT industry.
- ❖ A high proportion of postgraduate employees indicates a skilled workforce.
- ❖ Most respondents belong to entry and mid-level positions, aligning with experience distribution.
- ❖ Income distribution shows a concentration in middle salary brackets, suggesting moderate earning levels.
- ❖ Gender diversity is improving, though male employees still form the majority.

**Table 1.2 Opinion towards Employee Motivation – Mean Score Analysis:**

S.No	Statement	Mean Score	Interpretation
1	I feel motivated to perform my job effectively	3.98	High level of motivation among employees
2	My organization recognizes and rewards good performance	3.65	Moderate satisfaction with recognition practices
3	I receive adequate support from my supervisors	3.82	Good supervisory support perceived
4	The work environment encourages me to give my best	3.9	Positive and encouraging work environment
5	I am satisfied with the growth opportunities provided	3.58	Moderate satisfaction with career growth
6	My salary and benefits motivate me to work efficiently	3.6	Compensation is moderately motivating
7	Training and development programs enhance my motivation	3.75	Training contributes positively to motivation
8	I feel valued as an employee in my organization	3.7	Employees feel reasonably valued

**Source: Primary Data**

The overall mean score of 3.75 indicates a high level of employee motivation in selected IT companies. Employees are particularly motivated by work environment and job **role**, as seen in higher mean scores. However, growth opportunities and compensation show relatively lower scores, suggesting areas for improvement. Organizations should focus on enhancing reward systems and career advancement opportunities to further improve motivation levels.

**Table 1.3 Opinion towards Employee Attrition Factors– Mean Score Analysis:**

S.No	Statement	Mean Score	Rank	Interpretation
1	I often think about leaving my current job	3.72	4	Moderate tendency to consider leaving
2	Work stress influences my intention to leave	3.95	2	Work stress is a major factor influencing attrition
3	Lack of career growth increases my turnover intention	4.05	1	Top reason for employee attrition
4	Better salary opportunities elsewhere attract me	3.9	3	Salary is a strong influencing factor
5	Work-life imbalance affects my job satisfaction	3.6	6	Moderate impact on attrition
6	Poor management practices lead to employee turnover	3.55	7	Relatively lower but still relevant factor
7	Job insecurity contributes to attrition	3.68	5	Moderate concern among employees

**Source: Primary Data**

- ❖ The overall mean score of 3.78 indicates a high level of attrition risk among employees.
- ❖ Career growth and work stress are the most dominant factors influencing employees to leave.
- ❖ Compensation and external opportunities also strongly impact turnover intention.
- ❖ Although management practices and work-life balance are relatively lower-ranked, they still contribute to attrition and should not be ignored.

**Table 1.4 Opinion towards Employee Retention Factors**

S.No	Statement	Mean Score	Interpretation
1	My organization has effective retention strategies	3.7	Moderately effective retention strategies
2	I am satisfied with the job security provided	3.85	High level of job security satisfaction
3	The organization provides good career advancement opportunities	3.6	Moderate satisfaction with career growth
4	Employee welfare measures are satisfactory	3.68	Welfare measures are reasonably good
5	Flexible work arrangements encourage me to stay	3.92	Flexibility strongly supports retention
6	I have a positive relationship with my colleagues	4.05	Strong interpersonal relationships at workplace
7	Organizational culture motivates me to continue working here	3.88	Positive organizational culture influence
8	I intend to stay in this organization for the next 3–5 years	3.75	Moderate to high retention intention

**Source: Primary Data**

- The overall mean score of 3.80 indicates a good level of employee retention in selected IT companies.
- Interpersonal relationships (4.05) and flexible work arrangements (3.92) are the strongest factors supporting retention.
- Job security and organizational culture also positively influence employees to stay.
- However, career advancement opportunities (3.60) show relatively lower satisfaction, indicating a need for improvement.

**6. CONCLUSION**

The study titled “*An Analytical Study of Employee Motivation, Attrition, and Retention in Selected IT Companies in Chennai City*” provides a comprehensive understanding of the key factors influencing employee behavior in the IT sector. Based on the analysis of data collected from employees in Chennai, it is evident that employee motivation, attrition, and retention are closely interconnected and significantly impact organizational performance. The findings indicate that employees exhibit a moderately high level of motivation, driven by factors such as a supportive work environment, effective training and development programs, and positive interpersonal relationships. However, certain aspects such as limited career advancement opportunities and compensation-related concerns require greater attention from management.

The study also reveals that employee attrition is primarily influenced by lack of career growth, work stress, and better external job opportunities. These factors contribute to employees’ intention to leave, highlighting the need for organizations to adopt proactive measures to address these issues. Although factors like work-life balance and management practices have a comparatively lower impact, they still play a role in shaping employee decisions.

In terms of retention, the results show that flexible work arrangements, job security, and a positive organizational culture are the most significant factors encouraging employees to stay. While organizations have implemented various retention strategies, there is still scope for improvement, particularly in enhancing career development programs and recognition systems.

Overall, the study concludes that IT companies must adopt a holistic human resource approach by integrating effective motivation strategies, minimizing attrition factors, and strengthening retention practices. Organizations should focus on providing clear career paths, competitive compensation, stress management initiatives, and a healthy work environment to ensure long-term employee commitment and organizational success.

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